City of Lafayette Staff Report

For:	Lafayette City Council
By:	Steven Falk, Lafayette City Manager
Date Written:	November 18, 2008
Meeting Date:	November 24, 2008
Subject:	**CCCSWA Rates for FY09/10, 10/11, and 11/12**

Introduction

More than fifteen years ago the City of Lafayette joined the Central Contra Costa Solid Waste Authority and designated that agency to manage Lafayette's solid waste and recycling responsibilities. The City, working in conjunction with Agency staff, periodically reviews and sets rates to cover the cost of garbage and recycling pick up, fund other waste reduction programs, and reimburse the City for damage caused by the heavy fleet of trucks. To this end, Lafayette's Agency Board Members (Anderson, Federighi) recently met with CCCSWA staff to discuss rates for FY09/10, 10/11, and 11/12.

In order to meet City and agency objectives, the liaisons studied a variety of rate scenarios and suggest that rates be increased as follows:

Table A

Single Family Monthly Rates

	Current	*2009/10*	*2010/11*	*2011/12*
Monthly Rate	$19.83	$21.61	$23.56	$25.21
Increase		$1.78	$1.95	$1.65

Analysis

In its meeting with Agency staff, the Council liaisons expressed interest in ensuring that the new rates generate enough revenue to:

1. Cover all hauler and Agency expenses;
2. Generate an adequate reserve to cover unexpected events and shortfalls;

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3. Deliver franchise fees and vehicle impact fees to the City to cover the cost of damage made to the roads by the heavily loaded truck fleet.

4. Remain affordable and in the middle of the range that other East Bay residents pay.

The attached page entitled "RY5 Scenarios" suggests that objectives 1, 2, and 3, above, can be accomplished by increasing rates as indicated in Table A, above. Regarding objective 4, consider Table B, below:

Table B

Rate Comparison for Selected East Bay Residential Waste Customers

Jurisdiction	32-Gallon / Month
El Cerrito	30.19
Unincorporated West County	28.51
Martinez	27.40
Orinda*	27.33
Richmond	26.95
Pinole	26.67
Hercules	26.52
San Pablo	26.09
Concord	22.00
Pleasant Hill	22.00
Lafayette	***21.61***
San Ramon	21.58
Moraga*	20.78
Unincorporated Central County*	17.84
Danville*	17.00
Livermore	15.89
Walnut Creek*	15.12
Dublin	13.56

**Rates estimated for 2009/10. All others are for 2008/09 and subject to increase.*

If approved by the City Council, the rates noted in Table A, above will meet all hauler compensation requirements, result in a third-year projected reserve of $782,000, and deliver more than $800,000 annually to the City to be used for street repair projects associated with wear and tear caused by waste trucks. This will represent an increase of about $400,000 from the current $420,000 received by the City in franchise fees.

Recommendation

Discuss and provide direction to Councilmembers Anderson and Federighi.

RY5 Rate Scenarios

		Scenario #5		
		RY5 (09/10)	RY6 (10/11)	RY7 (11/12)
Single-Family Rate Incr		9.0%	9.0%	7.0%
Multi-Family Rate Incr		9.0%	9.0%	7.0%
Commercial Rate Incr		9.0%	9.0%	7.0%
Debris Box Rate Incr		9.0%	9.0%	7.0%
Extras Rate Incr		3.5%	3.5%	3.5%
Projected Rate Revenues	Before Rate Incr			
Single-Family	$2,440,806	$2,660,479	$2,899,922	$3,102,916
Multi-Family	367,527	400,604	436,659	467,225
Commercial	1,674,288	1,824,974	1,989,222	2,128,468
Debris Box	171,197	186,605	203,400	217,638
Extras	44,565	46,124	47,739	49,410
Total Rate Revenue	**4,698,383**	**$5,118,787**	**$5,576,941**	**$5,965,656**
Revenue Requirement	@ Current FF%			
Hauler Compensation	$4,282,000	$4,282,000	$4,453,280	$4,631,412
Franchise Fees	428,200	428,200	445,328	463,141
Vehicle Impact Fees	0	388,800	404,352	420,526
Other	207,113	207,113	215,397	$224,013
Revenue Requirement	$4,917,313	**$5,306,113**	**$5,518,358**	**$5,739,092**
RY5 Operating Surplus/(Shortfall)		($187,326)	$58,583	$226,564
Reserves - Beginning Balance		223,282	497,506	556,089
Vehicle Impact Fee Study		(12,500)		
Board-Approved DIF Distribution - 2nd Installment		331,293		
RY3 Revenue Reconciliation		142,757		
Projected RY4 Revenue Reconcilitation		0		
RY5 Year-End Reserves		**$497,506**	**$556,089**	**$782,653**
Rate Adjustment Current % Shortfall/(Surplus)		3.7%	-1.1%	-3.8%
Rate Adjustment Cumulative % Shortfall/(Surplus)		-9.7%	-10.0%	-13.1%
Current Residential 32-gallon Rate =	$19.83			
Proposed Rate (per month)		**$21.61**	**$23.56**	**$25.21**
$ Increase (per month)		$1.78	$1.95	$1.65
Current Commercial 2CY bin (1x per week) Rate =	$254.10			
Proposed Rate (per month)		**$276.97**	**$301.90**	**$323.03**
$ Increase (per month)		$22.87	$24.93	$21.13

Assumptions

RY6 Proj. Increase in the Revenue Requirement		4.0%
RY7 Proj. Increase in the Revenue Requirement		4.0%
Franchise Fee %	$ 428,200	10.0%
Vehicle Impact Fee %	388,800	9.1%
	$ 817,000	

"Extras" CPI adjustment calculation

Oct-07	213.1		
Oct-08	220.5	Est., need to update once published 11/16	
Difference	7.4	3.50%	Percentage Change

Background
Residential Rate History

Jurisdiction	Rate Year 96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	Annual Average
Danville			6.0%		8.2%		12.5%	7.1%			2.8%			2.8%
Lafayette				6.0%	5.0%		8.5%				5.0%	14.0%	1.3%	3.1%
Moraga			3.8%	6.0%	5.0%			9.7%			10.0%	3.8%	5.0%	3.3%
Orinda			3.9%		12.0%		12.0%					11.0%	14.7%	4.1%
Walnut Creek							5.0%				8.0%		12.2%	1.9%
County						10.2%	9.7%				2.8%		7.0%	2.3%

Background
Commercial Rate History

Jurisdiction	Rate Year 96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	Annual Average
Danville			9.5%			20.0%	15.0%	7.1%			2.8%			4.2%
Lafayette				6.0%		13.0%	12.5%				10.0%	14.0%	1.3%	4.7%
Moraga			9.0%	6.1%		9.0%		9.7%			10.0%	3.8%	5.0%	4.0%
Orinda			9.0%			20.0%	20.0%					11.0%	14.7%	5.7%
Walnut Creek			3.0%		9.1%		5.9%				11.1%	13.5%	12.2%	4.2%
County						20.0%	2.0%				2.8%		7.0%	2.9%